

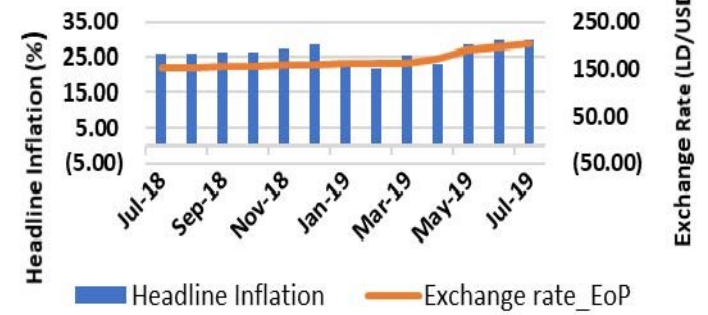


CENTRAL BANK OF

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Trends in Inflation & Exchange Rate (End of Period)



The Monthly Economic Review is produced by the Central Bank of Liberia (CBL). Inquiries concerning this publication should be addressed to:

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Cocoa beans

Cocoa price rose slightly by 0.4 percent in July 2019 to US\$2,420.00 per metric ton, reflecting increasing demand mainly from Asia and North America, despite uncertainty surrounding the supply of the commodity. Comparison with the same month a year ago, the price of cocoa bean rose by US\$60.00.

Table 7: External Sector Statistics

GLOBAL PRICE	Jul- 18	May- 19	Jun- 19	Jul- 19
	(In price per Unit of Measure)			
Iron ore (US\$/MT)	64.56	100.15	108.94	120.24
Gold (US\$/Oz)	1,237.71	1,283.70	1,359.04	1,412.89
Crude oil (US\$/BBL)	72.67	66.83	59.76	61.48
Rubber (US\$/MT)	1,470.00	1,770.00	1,930.00	1,670.00
Cocoa Beans (US\$/MT)	2,360.00	2,320.00	2,410.00	2,420.00
Food Price Index (FAO)	167.10	173.80	173.20	171.70
Rice_5% broken (US\$/MT)	398.00	409.00	420.00	416.00
Palm oil (US\$/MT)	616.14	563.20	552.19	543.88
Commodity Price Index	130.47	120.81	115.82	118.27

Source: www.indexmundi.com, <http://www.fao.org/worldfoodsituation/foodpricesindex/en/>

Rubber

The price of rubber fell in the month by 13.5 percent to US\$1,670.00 per metric ton compared with the price per metric ton in the preceding month. The fall in the price of the commodity during the month was due to increased supply of the commodity from major producers, including Thailand. Yearly comparison of the price of rubber showed a 13.6 percent rise in the price of the commodity.

Food Price (FAO)¹

Food price index fell further in July 2019 by 0.9 percent compared with the preceding month, as a result of low prices of dairy products, sugar and some cereal products. The prices of dairy products (such as butter and cheese) dropped due to weak demand and increasing supply of the commodities.

Rice

The price of rice dropped during the month by 1.0 percent to US\$416.00 per metric ton compared with the price per metric ton in the preceding month. The fall in the price of the commodity was largely due to slowdown in demand for the commodity. Compared with the price in the same month a year ago, the price of the commodity rose by 4.5 percent.

Palm oil

Palm oil price went down further by 1.5 percent in July 2019 to settle at US\$543.88 per metric ton, mainly reflecting the continued rise in the supply of the commodity amidst slowing demand. Year-on-year comparison of the price of palm oil reflected a price fall by 11.7 percent.

Sugar

The price of sugar remained relatively stable at US\$280.00 per metric ton. The stable price of the commodity at end of the month was occasioned by reduced supply of the commodity resulting mainly from the appreciation of the Brazilian currency (Real) against the United States dollar. Sugar price in July 2019 inched up by 7.7 percent compared with the same month of the corresponding year.

¹ FAO Food Price Index is a measure of the monthly change in international prices of a basket of five commodity food groups. See: <http://www.fao.org/worldfoodsituation/foodpricesindex/en/>

INTRODUCTION

The Monthly Economic Review (MER) is a regular publication of the Central Bank of Liberia (CBL) that provides a snapshot of developments in the key economic sectors (Real, Monetary, Fiscal and External) of the Liberian economy. It also highlights the Monetary Policy Stance of the CBL and exchange rates developments in the West African Monetary Zone (WAMZ).

OVERVIEW

During the month under review, production of key commodities showed signal of recovery in the Liberian economy. Except outputs of iron ore and beverages that fell during the month, outputs of all other commodities rose. Headline inflation remained relatively stable at 29.9 percent for the month compared with the preceding month, due mainly to relative stability in the prices of major subgroups, especially imported fuel related items. However, core inflation moderated on account of a slowdown in prices of miscellaneous goods & services and alcoholic beverages sub-groups.

Monetary policy stance of the CBL remained focused on controlling the excess Liberian dollar liquidity in the economy. However, during the month, issuance of the CBL-indexed bill and the commercial bank demand for the standing deposit facility (SDF) declined. Broad money (M2) rose modestly due to increases in narrow money supply and quasi money, arising from increase in net domestic assets (NDA) of commercial banks. Disaggregation of commercial bank loans to the private sector by currency showed that credit in United States dollar (USD) fell, while Liberian dollar credit rose. The increase in Liberian dollar loans was occasioned by growth in credit to individuals, trade and services sectors. Assessment of the banking sector showed profitability of the industry, evidenced by key financial soundness indicators including returns on assets and equity and liquidity ratio.

Trade deficit worsened during the month compared with the previous month due to increase in import payments which outweighed the rise in export earnings. Export earnings rose on account of growth in receipts from minerals (especially iron ore and gold) exports, while payments for import surged due to rise in payments for food & live animals and machinery & transport equipment.

The stock of gross foreign reserves (GFR) fell during the month compared with the preceding month. The decline in GFR, coupled with the surge in import payments during the month, led to an estimated decline in the months of import cover to 2.2, compared with the preceding month. Compared with the previous

month, both inflows and outflows of personal remittances declined, but the decline in outward remittances exceeded the fall in inward remittances, thus leading to lower net inflows of personal remittances compared with the previous month. Both the average and end-of-period exchange rates of the Liberian dollar depreciated against the United States dollar due, in part, to increasing demand for foreign exchange.

REAL SECTOR & PRICE DEVELOPMENTS

Production Analyses of Key Commodities

At end of the month under review, statistics showed recovery in production. Except outputs of iron ore and beverages that declined, production of other commodities, including gold, diamond, rubber and cement inched up (see Table 1). Production of gold and diamond stood at 23,059.0 ounces and 10,036.0 carats, surging by 10,072 ounces and 10,014 carats, respectively, when compared with outputs in the preceding month. The hike in gold production was attributed to increased mining activities from two major industrial mines. Similarly, rubber production grew by 10.9 percent to 4,110.0 metric tons, due to increased output recorded by major producers of the commodity. On the back of recovery in demand for cement, coupled with efforts by suppliers to build up inventory, output of cement inched up by 5.1 percent to 22,307.0 metric tons produced compared with the previous month.

On the other hand, iron ore production slightly dipped for the second time in July 2019 by 6.2 percent on account of the rainy season. Total beverage production during the month dropped by 10.6 percent to 1.6 million liters. The decline in beverages output was occasioned by 30.1 percent fall in the production of non-alcoholic beverages, which accounted for 36.9 percent of total beverage production.

Year-on-year analysis of overall production showed that outputs of all commodities increased during the month compared with the corresponding month in the previous year. Outputs of gold and diamond surged by 54.1 percent and 31.6 percent, respectively, while the production of rubber, iron ore, beverages and cement expanded by 37.1 percent, 22.5 percent, 11.1 percent and 2.7 percent, respectively.

Consumer Prices

Headline inflation remained relatively stable at 29.9 percent in July 2019 largely due to the moderate decline in the prices of food and non-alcoholic beverages and imported fuels related items of the Consumer Price Index (CPI) basket. Month-on-month rate of inflation fell by 3.2 percentage points to 3.5,

Table 7: Exchange Rates: Official and WAMZ Countries End-of-Period Exchange Rates against the US Dollar

Rate & Currency	Jul- 18	May- 19	Jun- 19	Jul- 19	Appr (-)/Depr (+)	
					MoM	YoY
Exchange Rate	LD/USD				Percent change	
End of Period	151.50	191.00	196.37	202.61	3.18	33.74
Period Average	154.48	181.23	194.38	200.29	3.04	29.65
Currency	Currency per USD					
GHC	4.63	5.15	5.26	5.26	0.00	13.61
GMD	47.93	50.56	49.83	50.51	1.36	5.38
GNF	9,010.09	9,131.53	9,154.12	9,168.1	0.15	1.75
NGN	305.3	306.45	306.40	306.44	0.01	0.37
SLL	7,858.43	8,785.04	8,825.77	8,901.11	0.85	13.27

Source: CBL, WAMA: www.amao-wama.org/

GHC - Ghanaian Cedi; LD - Liberian Dollar; GMD - Gambian Dalasi; USD - United States Dollar; GNF - Guinean Franc; NGN - Nigerian Naira; SLL—Sierra Leonean Leone; USD - United States Dollar

GLOBAL COMMODITY PRICE DEVELOPMENTS

Iron ore

Supply disruption at mines in Australia and Brazil continued to boost iron ore price. Iron ore price during the month of July 2019 rose considerably to US\$120.2 per metric ton, from US\$108.9 per metric ton during the previous quarter. The 10.4 percent rise in the price of the metal was basically due to slowdown in supply of the commodity from key producers in Brazil and Australia. Year-on-year comparison of the price of the mineral indicated 86.2 percent rise in the price of the commodity.

Gold

The price of gold rose for the second time following a moderate decline in May 2019. Gold price rose by 4.0 percent to US\$1,412.9 per ounce in July 2019. The increase in the price of the commodity, this time, was occasioned by limited supply of the precious metal. Compared with the same month a year ago, the price of the commodity rose by 14.2 percent.

Crude oil (Petroleum) price

The price of petroleum recovered following a decline in the previous month by 2.9 percent to US\$61.5 per barrel in July 2019. The price increase was occasioned, to some extent, by supply disruption in key oil exporting countries as a result of geopolitical and trade tensions involving Iran, the United States and Britain. Annual comparison of the price of petroleum showed a decline of 15.4 percent.

Remittances

The flows of personal remittances resulted into a net inflow of US\$5.7 million. Compared with the previous month, both inward and outward personal remittances declined, but the decline in outward remittances outweighed the fall in inward remittances. Outward personal remittances declined by 34.4 percent to US\$19.0 million, while inward remittances fell by 0.4 percent to US\$24.7 million. Compared with the same month a year ago, net inflows of personal remittances fell by 64.2 percent from US\$15.8 million due to 21.9 percent reduction in inward remittances from US\$31.6 million.

Gross Foreign Reserves (Including SDR Holdings plus Reserve tranche)

The gross foreign reserves position at end-Jul 2019 stood at US\$290.5 million, falling by 3.7 percent compared with the stock recorded in the preceding month. The decline in gross reserves resulted to an estimated 2.2 months of import cover, which is 0.6 month lower than the previous month (Table 6).

EXCHANGE RATE DEVELOPMENTS

At end-July 2019, both end-of-period (EOP) and average (Ave) exchange rates showed depreciation of the Liberian dollar against the US dollar compared to the previous month. Based on the EOP exchange rate, the Liberian dollar depreciated by 3.2 percent to L\$202.61/US\$1.00, while on Ave exchange rate the depreciation was 3.0 percent to L\$200.29/US\$1.00. The increasing demand for foreign exchange (FX) to finance imports mainly explained the depreciation of Liberian dollar. Compared with the corresponding month in 2018, the EOP and AV exchange rates showed that the Liberian dollar depreciated by 33.7 percent and 29.7 percent, respectively.

Developments in the foreign exchange market in the West African Monetary Zone (WAMZ) showed that, except for the Ghanaian Cedi and the Nigerian Naira that remained stable at GHC5.26/US\$1.00 and ₦306.40/US\$1.00, respectively, all other currencies in the Zone depreciated during the month under review. The Gambian Dalasi depreciated by 1.4 percent to GMD50.51/US\$1.00; while the Sierra Leonean Leone; the Guinean Franc and depreciated by 1.4 percent, 0.9 percent, and 0.2 percent, respectively, against the USD.

All currencies in the Zone deteriorated against the United States dollar at end of the month compared with July 2018. The lowest depreciation was recorded for the Nigerian Naira, while the highest depreciation was the Liberian Dollar, followed by the Ghanaian Cedi and the Sierra Leonian Leone. (Table 3).

due to declines, mainly, in food and non-alcoholic beverages related items in the CPI basket.

Official core inflation/declined during the month by 0.3 percentage points to 29.1 percent due to slowdown in the prices of miscellaneous goods & services and alcoholic beverages sub-groups. Other measures of core inflation experienced mixed results during the month (Table 1).

Table 1: Production and Price Statistics

REAL SECTOR DATA	Jul- 18	May- 19	Jun- 19	Jul- 19
	<i>(In units as may be specified)</i>			
Production	(In Metric tons, carat and Ounces)			
Iron Ore (Metric ton)	303,300	409,096	396,225	371,692
Gold (Ounces)	14,967	15,883	12,987	23,059
Diamond (Carat)	7,629	5,199	22	10,036
Rubber (Metric ton)	2,997	4,148	3,707	4,110
Cement (Metric ton)	21,730	32,110	21,227	22,307
Beverages	(In Liters)			
Alcoholic	679,999	1,089,276	943,210	1,007,840
Non-Alcoholic	756,749	656,213	842,319	588,597
Total Beverage Production	1,436,748	1,745,489	1,785,529	1,596,437
Inflation	(In percent)			
Overall (Y-o-Y) Rate of Inflation	26.12	28.74	29.91	29.87
a. Food and Non-alcoholic Beverages Inflation	23.7	29.86	32.20	31.76
- Domestic Food Inflation	21.2	33.51	30.40	35.24
- Imported Food Inflation	25.3	26.01	32.57	28.72
b. Transport Inflation	48.0	38.55	26.37	28.22
c. Imported Fuels Inflation	55.7	27.18	27.82	27.36
Overall (M-o-M) Rate of Inflation	3.54	5.58	6.72	3.51
Core Inflation	(In percent)			
Inflation excluding Food & Non-alcoholic Beverages	27.5	28.17	28.71	28.85
Inflation excluding Imported Food	26.3	29.14	29.00	29.95
Inflation excluding Domestic Food	26.8	21.68	23.07	21.67
Inflation excluding Food and Transport	24.3	26.73	29.38	29.13

Source: AML, MLME, FSL, CEMENCO, LCCBC, RITCO, NICOM, CEMENCO, CBL & LISGIS

† Revised; ± Estimate

¹ the overall CPI less food and transport

MONETARY DEVELOPMENTS**Monetary Policy Stance**

The monetary policy stance of the CBL remained focused on price stability and broad exchange rate stability. In pursue of its objective, during the month, the Bank used the SDF, the CBL indexed bills, and the statutory reserves requirements; however, the statutory reserves requirements remained unchanged. The Bank's interventions during the month was limited reflecting low demand for the SDF and

CBL-indexed bills compared to the previous month.

Monetary Aggregates

Broad money supply (M2) slightly increased (month-on-month) by 4.5 percent to L\$120,302.6 million at end-July 2019 compared with a growth of 0.3 percent recorded at end-June 2019. The expansion in M2 was on the back of 3.7 percent increase in narrow money (M1) and 6.0 percent rise in quasi money. The growth in M1 resulted from increases in both demand deposits and currency outside banks by 3.7 percent and 3.5 percent, respectively. At the same time, quasi money (time and savings deposits) grew by 5.9 percent. Compared with the corresponding month in 2018, M2 rose by 22.6 percent due largely to growths in demand deposits and time and saving deposits by 23.8 percent and 23.7 percent, respectively.

On the assets side, the increase in M2 was attributed to rise in net domestic assets (NDA), which increased by 7.4 percent as a result of an increase in commercial bank net credit to private sector by 4.3 percent. On a year-on-year basis, NDA grew by 46.2 percent, while NFAs shrank by 65.6 percent.

The share of commercial banks' loans to private sector denominated in United States dollar declined during the month, while the Liberian dollar component rose. Private sector credit in US dollar fell by 1.6 percent to US\$383.7 million due mainly to slowdown in credit to the trade, services and construction sectors. On the contrast, the Liberian dollar component of credit to private sector increased marginally by 1.3 percent to L\$6,541.3 million compared to the previous month due primarily to increases in loans to trade, services and individuals (personal) sectors.

Table 2: Monetary Aggregates

Monetary Aggregates	Jul- 18	May- 19	Jun- 19	Jul- 19
	<i>(In Millions of currencies as may be specified)</i>			
CBL Net Foreign Exchange Reserves Position (Including SDRs) [‡] - (USD)	146.89	88.79	89.64	85.70
Liberian Dollars in Circulation - (LD)	17,943.91	19,749.75	20,074.05	20,405.40
Money Supply (M1) in LD only	23,328.66	26,809.01	26,803.98	26,933.60
Broad money (M2) in LD only	31,354.75	34,577.91	35,273.44	34,897.75
Broad money (M2) (both LD and USD) Converted to LD	98,119.10	114,769.86	115,124.52	120,302.55
Net Foreign Assets (NFA) – LD	20,672.87	9,142.13	9,693.85	7,110.99
Net Domestic Assets (NDA) – LD	77,446.23	105,627.73	105,430.67	113,191.56
Loans to Private Sector				
Commercial banks loans to private sector - USD	421.03	413.88	389.95	383.72
Commercial banks loans to private sector - LD	4,505.43	6,734.25	6,457.31	6,541.25

cative of vehicle parts & accessories, machinery & appliances, edible vegetables, frozen food with chemical products as the leading imported goods (Table 6).

Table 6: External Sector Statistics I

Trade Statistics	Jul- 18	May- 19	Jun- 19	Jul- 19
External Trade (Value)	<i>(Millions of USD)</i>			
Exports/1	28.96	43.42	44.75	56.68
O/w Iron Ore	3.38	19.16	16.21	23.12
O/w Rubber	4.14	5.74	9.20	5.83
O/w Gold	14.35	14.62	12.15	2.35
O/w Diamond	2.83	2.18	0.03	23.93
O/w Cocoa Bean	0.08	0.32	0.0	0.11
O/w Palm Oil	0.03	0.03	2.02	1.30
Imports (F.O.B)/1	86.19	76.12	76.10	102.80
Minerals, Fuel, Lubricants	9.11	18.40	11.85	5.52
O/w Petroleum Products	6.82	12.97	9.85	4.68
Food and Live Animals (including Animal and vegetable oil)	18.37	18.00	14.06	40.34
O/w Commercial Rice	5.05	0.97	0.19	28.67
O/w Non-commercial Rice	0.23	2.40	1.24	0.01
Machinery & Transport Equipment	33.30	12.32	20.58	31.78
Manufactured goods classified by materials	9.76	12.10	13.27	10.27
Trade Balance	(57.23)	(32.70)	(31.35)	(46.12)
External Trade (Volume)	<i>(In Units as Specified)</i>			
Rubber (MT)	3,057.33	4,147.92	3,628.27	4,110.36
Iron Ore (MT)	150,376.00	376,709.43	316,893.16	350,991.30
Commercial Rice (MT)	11,002.69	1,309.60	256.58	28,722.43
Non-commercial Rice (MT)	197.11	958.68	132.10	4.59
Petroleum Products (MT)	3,463.57	37,739.82	19,878.38	9,952.88
Cocoa Beans (MT)	200.00	450.00	n/a	570.00
Palm Oil (MT)	38.38	37.83	3,724.00	3,247.25
Gold (Oz)	14,410.37	15,882.72	12,987.37	23,058.80
Diamond (Crt)	7,628.86	5,199.41	21.79	10,035.72
Other Indicators	<i>(Millions of USD)</i>			
Import (C.I.F)	93.87	84.89	84.28	112.03
Gross International Reserves	369.09	298.96	298.86	290.45
Import covers (In Month)	3.3	2.7	2.8	2.2
Personal Remittances	<i>(Millions of USD)</i>			
Inflows	31.63	29.47	24.79	24.70
Outflows	15.81	16.02	29.01	19.03
Net flows	15.82	13.45	(4.22)	5.67

Source: LRA (ASYCUDA), AML, MLME, FSL & CBL

/1 Trade data are primarily sourced from LRA (Custom) with larger coverage than BIVAC.

/2 (GIR) is the sum of net foreign reserve plus SDR and Reserve tranche

≠ - Not Available (na)

EXTERNAL SECTOR DEVELOPMENTS

Merchandise Trade

During the month under review, both export earnings and import payments rose considerably, but the rise in payments for import outweighed the rise in earnings from exports, resulting in a deficit in merchandise trade. The deficit worsened by 46.8 percent to US\$46.1 million compared with the amount recorded in the previous month.

Exports

Earnings from merchandise exports increased to US\$56.7 million, reflecting a 26.7 percent increase compared with earnings recorded in the preceding month due to rise in receipts from export of minerals (mainly iron ore and gold). Earnings from both commodities rose on the back of increases in the volumes exported. Earnings from iron ore increased by 10.8 percent to US\$23.1 million compared with earnings from the previous month, while that for gold surged by 97.0 percent to US\$23.9 million.

Europe (especially Switzerland, Poland and Germany) was the main destination of exports, accounting for 82.8 percent of total export earnings in July. Gold was the leading commodity exported to Switzerland, while iron ore export went to Germany and Poland.

Imports (FOB)

Payments for merchandise imports increased to US\$102.8 million. Amid mixed movements in payments for key commodity groups, the rise in payments was largely occasioned by significantly US\$40.1 million increases in import payments for food & live animals from US\$13.7 million recorded in the preceding month. The demand for food items, mainly rice, was largely due to increase in the payment for food and live animals. The increased payments for merchandise imports was also driven by growth in payments for machinery and transport equipment by US\$31.8 million, from US\$20.6 million in the previous period, reflecting increased companies demand for equipment.

The top three regions that dominated sources of merchandise imports to Liberia during the month were Asia, Africa and Europe. Imports from Asia constituted 70.9 percent of total import payments with India and China recording a large proportion of imports from that region. Goods imported from India and China were dominated by rice and machinery equipment. Import payments to Africa (largely ECOWAS Countries) were mainly on payments for mineral, fuel & lubricant. The Euro Zone recorded the largest share of imports from Europe, indi-

Table 2: Monetary Aggregates Cont'd

	Jul- 18	May- 19	Jun- 19	Jul- 19
<i>Demand Deposits of commercial banks</i>	<i>(In Millions of currencies as may be specified)</i>			
Demand deposits - USD	264.55	258.80	242.63	248.03
Demand deposits - LD	6,666.77	8,357.81	8,148.07	7,623.97
Time & savings deposits - USD	174.80	159.11	162.23	171.54
Time & savings deposits - LD	7,974.90	7,644.68	8,411.42	7,871.06
<i>Other Deposits**</i>				
Actual US\$ component of other deposits	1.36	1.94	1.79	1.95
Liberian \$ component of other deposits	51.19	124.23	58.04	93.08
	(In percent)			
Liberian Dollar share of Broad Money	31.96	30.13	30.64	29.01

Source: CBL

‡ - Reserves excluding ECF borrowing from the IMF; ** - Other Deposits Including Official and Manager Checks;

BANKING SECTOR DEVELOPMENTS

During the month under review, the banking sector remained relatively resilient, safe and sound, evidenced by the moderate increases in liquidity ratio (LR), return on assets (ROA) and return on equity (ROE) of the industry. LR was above the regulatory threshold by 24.4 percentage points and increased during the month by 0.2 percentage points compared with the previous month. ROA and ROE rose by 0.3 percentage point and 1.8 percentage points, respectively. Like the LR, capital adequacy ratio (CAR) remained far above the minimum regulatory requirement by 19.1 percentage points. CAR slightly increased by 0.6 percentage points from 28.5 percent reported in the preceding month.

Total (gross) loans increased during the month by 4.2 percent to L\$88.5 billion compared with the previous month. The growth in gross loans was largely attributed to increase in credit to the private and public sectors (Table 4). During the month, Liberian dollar loans constituted 7.4 percent of total (gross) loans, while US dollar loans constituted 92.6 percent.

Table 3: Selected Financial Soundness Indicators, FSIs

Financial Soundness Indicators (FSI)	Jul- 18	May- 19	Jun- 19	Jul- 19
	(In percent)			
Capital Adequacy Ratio (CAR)***	27.36	28.87	28.52	29.14
Non-performing Loans to Total Gross Loans (ratio)	11.82	12.33	13.36	11.93
Total Gross Loans (In Billion L\$)	70.28	89.58	84.89	88.49
Non-performing Loans (% change)	(2.16)	13.05	2.60	1.60
Returns on Assets (ROA)	0.82	0.77	0.87	1.13
Returns on Equity (ROE)	4.79	4.83	5.56	7.33
Liquidity Ratio****	38.14	38.93	39.35	39.50

Source: CBL

*** - The Minimum Capital Adequacy Ratio is 10%; **** - The Required Minimum Liquidity Ratio is 15%

FINANCIAL MARKET DEVELOPMENTS

During the month of July 2019, the CBL-indexed bill issued amounted to L\$90.8 million with an early redemption of L\$80.0 million. Compared with the preceding month, CBL-indexed bill issuance decreased by 76.7 percent, due to liquidity constraints in the banking system. The total outstanding indexed bill amounted to L\$1,162.6 million. On the other hand, CBL foreign exchange auction was undersubscribed by US\$0.3 million. When compared with the level of subscription in the previous month, the undersubscription in the month declined by 3.5 percent.

There was no redemption of government's 90-day treasury bills during the month, despite the issuance of L\$700.00 million in the review period. On the other hand, the amount of L\$392.00 million was paid to commercial banks as coupon payment for the government 2-year semi-annual coupon bond issued in 2018. The outstanding treasury bonds recorded at end of the review month was L\$4,900.00 million.

The aggregate overnight standing deposit facility (SDF) during the month amounted to L\$950.00 million; reflecting a decrease of 67.2 percent compared with the demand in the preceding month. At end of July 2019, money market transactions such as repos, swaps and lending between commercial banks were traded at the average interest of 6.0 percent (Table 4).

Table 4. Financial Market and Interest Rates Statistics

Market Instruments	Jul- 18	May- 19	Jun- 19	Jul- 19
CBL indexed Bills	(Millions of LD)			
Bills Purchased	na	101.01	389.82	90.79
Bills outstanding	na	62.30	0.00	80.00
Early Redemption during the month)	na	761.94	1,151.77	1,162.56
Coupon rate (%)	na	7.00	7.00	7.00
CBL Foreign Exchange (Fx) Auction	(Millions of USD)			
US Dollar Amount Sold	101.01	389.82	90.79	101.01
US Dollar Amount Sold	62.30	0.00	80.00	62.30
Total Subscription	761.94	1,151.77	1,162.56	761.94
Over (+) / Under (-) Subscription	7.00	7.00	7.00	7.00
Treasury Securities	(Millions of LD)			
T- Bills Issued	0.00	(200.20)	0.00	(700.00)
T- Bills Redeemed	65.56	0.00	137.09	0.00
T-Bills outstanding	200.47	860.94	860.94	1,560.94
Net Treasury Bills Operations[^] withdrawal (-)/Injection (+)	(65.56)	(200.20)	(137.09)	(700.00)
Ave. Weighted Discount Rate (T-Bills)	2.83	5.00	4.40	7.47
T- Bond Issued	4,900.00	0.00	0.00	0.00
T- Bond Outstanding	4,900.00	4,900.00	4,900.00	4,900.00
Coupon Payment	0.00	0.00	0.00	392.00
Early Redemption	0.00	0.00	0.00	0.00
T-bond Coupon Rate (in percent)	16.00	16.00	16.00	16.00

Table 4. Financial Market and Interest Rates Statistics cont'd

Market Instruments	Jul- 18	May- 19	Jun- 19	Jul- 19
Standing Deposit Facility (SDF)	(Percent)			
SDF rate (%)	na	4.00	4.00	4.00
SDF Amount (In Millions LD)	na	1,800.00	2,900.00	950.00
Interest Rates				
- Lending rate	13.00	12.44	12.44	12.44
Average Deposit rates				
-Savings	2.10	2.10	2.10	2.10
-Time	3.53	3.53	3.53	3.53

Source: CBL

^ - with Liquidity Effect

FISCAL SECTOR DEVELOPMENTS

During the month under review, total government revenue generated amounted to US\$31.8 million (1.0 percent of annual GDP), while total expenditure stood at US\$29.5 million (0.9 percent of GDP), resulting to a surplus of US\$2.3 million (0.1 percent of GDP), lower than the surplus of US\$8.4 million (0.3 percent of GDP) reported in June 2019. The surplus recorded during the month was largely explained by the take-off in fiscal reform measures. Compared with the previous month, total revenue generated declined by 7.3 percent, from US\$34.3 million on account of decline in tax revenues, while Government spending rose by 13.9 percent, from US\$25.9 million on the back of increases in current expenditure by 13.1 percent and debt servicing by 20.3 percent.

At end of the review month, statistics on general government debt showed a 4.8 percent rise in debt stock to US\$1,227.0 million (38.1 percent of GDP) on account of acquisition of new debt, mainly from domestic creditors. Domestic debt, which constituted 34.4 percent of public sector debt, rose by 32.0 percent, while foreign debt that accounted for 65.6 percent of total debt declined by 5.4 percent. (See Table 5).

Table 5. FISCAL SECTOR DEVELOPMENTS

Fiscal Operations	Jul- 18	May- 19	Jun- 19	Jul- 19
	(Millions of USD)			
Government Revenue	33.87	48.36	34.31	31.79
Tax Revenue	32.32	38.96	29.36	26.17
Non-tax Revenue	1.55	9.40	4.95	5.62
Government Expenditure	14.49	43.33	25.94	29.49[±]
Current Expenditure	14.12	38.54	23.95	27.08
Capital Expenditure	0.00	0.21	0.55	0.69
Payments on Loans, interest and others	0.37	4.58	1.43	1.72
Public Sector Debt	959.34	1,158.23	1,170.46	1,226.95
Domestic	266.12	319.64	319.62	422.01
External	693.22	838.59	850.84	804.94

Source: Revenue Department, MFD, Expenditure Department, MFD & Debt Management Unit, MFD; ± - Estimate